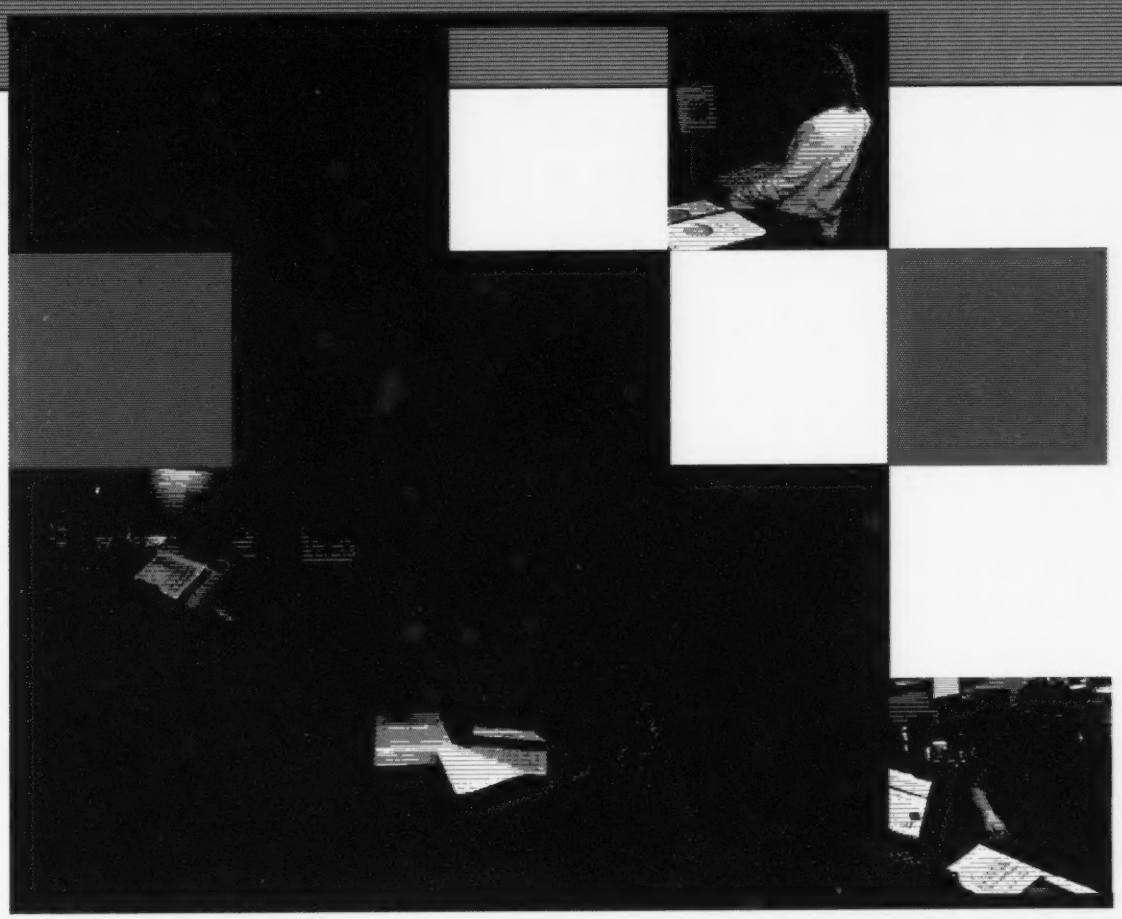

The Department of Finance Annual Report
For Fiscal Year Ending March 31, 2011

Newfoundland Labrador

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MESSAGE FROM THE MINISTER

In accordance with Government's commitment to greater accountability and transparency, I am pleased to present the 2010-11 Annual Report for the Department of Finance. Its purpose is to account for the progress made towards achieving the intended results of the 2008-11 Strategic Plan and to measure performance within key business areas. As Minister responsible for the Department of Finance, my signature below is indicative of my accountability for the actual results reported within this document.

I would like to take this opportunity to acknowledge the outstanding accomplishments and commitment of the employees in the Department of Finance. I look forward to your continued support and dedication.

Sincerely,

Hon. Tom Marshall
Minister of Finance

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INTRODUCTION

The Department of Finance plays a unique role within the Government of Newfoundland and Labrador. As a central agency, it is responsible for providing strategic leadership across the public service on the financial and economic implications of Government's policy decisions; overseeing the management and control of provincial finances to ensure appropriate use of public funds; and providing centralized and corporate shared services to other government departments (e.g. economic analysis, statistical services, internal audit services and the administration of such things as compensation and benefits, and payment processing).

To fulfill these responsibilities during the 2010-11 fiscal year, the Department employed 436 individuals (as of March 31, 2011) on a fulltime, temporary or contractual basis. These employees are professionally trained in such areas as accounting, economics, statistics, financial management, public policy, information technology and management, and administrative support. Although the Department is organized in a traditional manner (i.e., segmented into branches and divisions), employees work together across divisional lines to achieve common goals.

As required by the *Transparency and Accountability Act*, this annual report provides details on the Department's performance for 2010-11 fiscal year and provides information about the Department's mandate, the environment in which it operates and the manner in which it supports the overall goals and directions of the Government of Newfoundland and Labrador. Additionally, this annual report marks the end of the 2008-11 strategic planning cycle. Performance information is therefore provided for the mission and goals of the Department of Finance for this period.

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DEPARTMENTAL OVERVIEW

Mandate:

The Department of Finance plays a key role in establishing, implementing and reviewing Government's financial management, economic, fiscal and taxation policies. These responsibilities are primarily achieved through the provision of timely analysis and advice to Cabinet and its committees, particularly the Treasury Board Committee for which the Minister of Finance serves as President. The Department is also the central agency responsible for the provision of financial policy advice and various services to other government departments and its employees. Specifically, the Department is responsible for all matters related to:

- Financial planning and budget monitoring
- Tax policy and the administration of tax statutes
- Centralized collections of Government's outstanding accounts receivables
- Fiscal policy
- Federal/provincial fiscal arrangements
- Debt management
- Project analysis
- Administration of pensions benefits
- Administration of group and general insurance
- Comptrollership and financial management
- Economic policy and statistics
- Management and administration of compensation and benefits for government employees
- Management of transactional processing of Government's accounts receivables and payables

Lines of Business:

The mandate of the Department of Finance is delivered to its primary clients through the following four principal lines of business:

1.0 Financial Planning and Benefits Administration

The Department of Finance coordinates the preparation of Government's annual budget and monitors expenditures by government departments. It also sets financial polices for government entities, provides advice related to multi-year expenditure plans and recommends allocations of financial resources. Operational support as well as financial and analytical advisory services are also provided to the Treasury Board Committee of Cabinet to support their financial management

responsibilities. Similar financial expertise is also provided to the other committees of Cabinet, as well as government departments in support of the cabinet decision-making process. Additionally, the Department administers six provincial pension plans and develops and manages the policies, programs and contracts respecting the general insurance program as well as the employee/retiree group benefits plan for select government entities and public sector employees/retirees.

2.0 Taxation and Fiscal Policy

The Department of Finance develops options for taxation reform; assesses the implications of changes to existing provincial taxation and fee policies; and, implements legislative measures in support of Government's tax and fiscal policy priorities. It also participates in the negotiation and monitoring of federal-provincial tax and fiscal agreements, and forecasts, analyzes and monitors provincial revenues. The Department manages the Province's borrowing and debt servicing programs; provides centralized financial and economic impact analysis of specific projects to assist Government in decision making and/or policy development; and administers various provincial taxes, rebates and incentive programs, which include:

- Tobacco Tax
- Gasoline Tax
- Health and Post-Secondary Education Tax
- Mining and Mineral Rights Tax
- Insurance Companies Tax
- Utilities Tax
- Film and Video Tax Credit
- Retail Sales Tax
- School Tax
- Direct Equity Tax Credit Program
- Home Heating Rebate Program
- Parental Benefits Programs

3.0 Office of the Comptroller General

The Department of Finance controls and accounts for the receipt and disposition of public money through the development of financial policies and procedures, administration of applicable legislation and the preparation of the provincial financial statements (i.e. Public Accounts) and related financial reports. The Department also develops and maintains government-wide revenue and expense systems and ensures that effective financial management controls, systems and accounting procedures are in place and government departments are properly accounting for their revenues and expenses. These systems and procedures are in place to ensure that no payment of public money occurs that is in excess of the appropriations provided by the House of Assembly and applicable legislative authority. Professional advisory services are also provided to government departments in the areas of: financial management, accounting and systems; financial policy development and implementation; internal auditing; and financial reporting. Corporate shared services are also delivered by this Department and include the administration

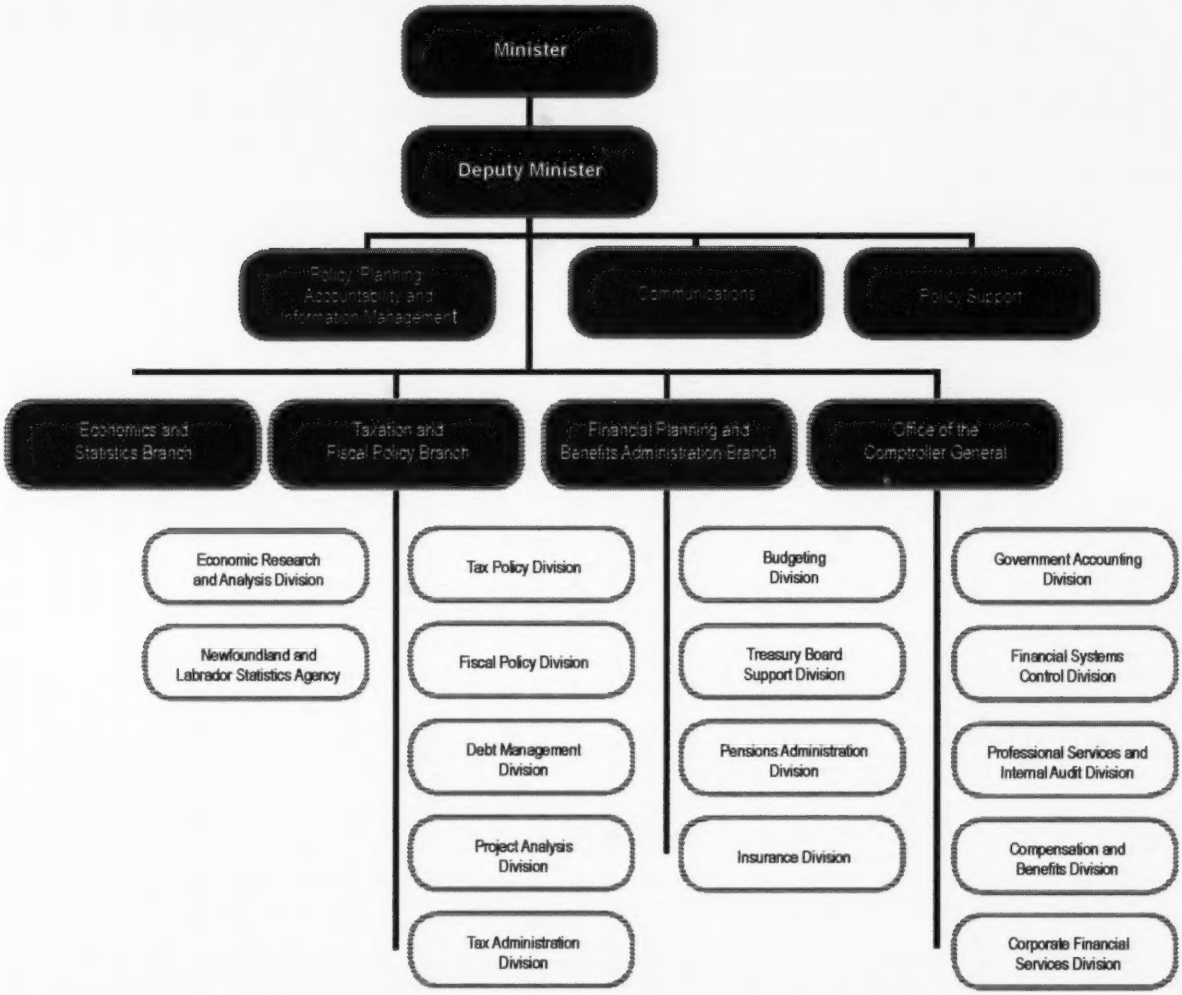
and processing of payroll, time and attendance transactions and the development of business processes and related policies that will impact accounts payable and accounts receivable.

4.0 Economics and Statistics

The Department of Finance analyzes and forecasts the macroeconomic environment, which feeds into the Province's revenue projections. It also provides economic impact assessments and special studies related to policy, economic events and projects. It maintains and operates the Newfoundland and Labrador Econometric Model, the Input/Output Model, and the Population Projection Model and is responsible for the annual publication of *The Economy* and *The Economic Review*. The Department also fulfills a vital statistical role for Government by collecting, storing and disseminating information that is accessible to clients while guaranteeing confidentiality and privacy of individual information. This is achieved through the Newfoundland and Labrador Statistics Agency under the authority of the *Statistics Agency Act* which mandates the Agency. The Department acts as Government's official point of contact with Statistics Canada, develops and provides focused sub-provincial data through Community Accounts and provides expertise in spatial analysis and socio-economic simulation modeling.

Organizational Structure:

The effective and efficient delivery of the Department of Finance's programs and services is supported by an organizational structure that consists of the four distinct branches as depicted in the diagram below. Additionally, all branches and divisions within the Department are supported by the Policy, Planning, Accountability and Information Management Division, the Communications Division and the Policy Support Division.



For further information regarding the specific mandate of each division please refer to the Department's website at www.gov.nl.ca/fin/.

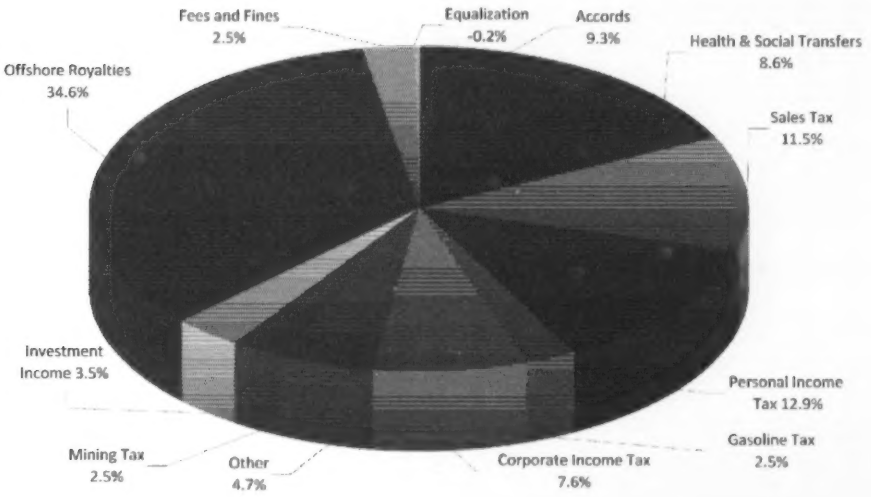
Financial Resources and Budgetary Allocations:

The financial activities of the Department of Finance for fiscal year ending March 31, 2011 showed gross expenditures of approximately $90,159,964 million, offset by related revenues estimated to be $18,552,658 million (see page 36 for further details). The following table provides additional information comparing expected to actual departmental expenditures.

SUMMARY OF DEPARTMENTAL BUDGET FISCAL YEAR ENDING MARCH 31, 2011		
Expenditures	Original Budget $	Actual $
Salaries	25,120,600	22,522,493
Employee Benefits	62,590,400	62,006,549
Transportation and Communications	966,100	847,622
Supplies	472,800	459,518
Professional Services	868,000	409,946
Purchased Services	1,922,800	1,665,736
Property, Furnishings and Equipment	65,100	114,646
Loans and Advances	500,000	-
Allowances and Assistance	200,000	126,841
Grants and Subsidies	7,007,500	2,006,613
Gross Expenditures	**99,713,300**	**90,159,964**
Less: Related Revenue	(10,265,700)	(18,552,658)

In addition to the related revenues identified as part of the Department of Finance's budgetary allocation, the Department has stewardship over substantially all of the current account revenues generated by the Province. During 2010-2011, current account revenues totaled approximately $6,887,647,000, of which about 34.6% is attributed to oil royalties. The following pie chart depicts provincial current account revenues by source.

2010-11 Current Account Revenue
(Modified Cash Basis)



Revenue and expense figures included above are on a modified cash basis. The figures are unaudited and based on the information provided in the *Report on Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended 31 March 2011*. Audited financial statements are prepared on an accrual basis in accordance with the generally accepted accounting principles for the public sector. They will be made public upon the release of **Volume I – Public Accounts Consolidated Summary Financial Statements** and **Volume II - Consolidated Revenue Fund Financial Statements**.

Staffing Complement:

During the 2010-2011 fiscal year the Department of Finance employed 436 people of whom 278 were permanent, 104 were temporary, 35 were contractual, and 19 were seasonal. The gender distribution of our staff complement was 33.5% male and 66.5% female.

As of March 31, 2011, 19 employees were eligible for retirement and another 13 will become eligible during the 2011-12 fiscal year. Over the next five years it is anticipated that 95 employees will be eligible for retirement. The following table illustrates potential retirements for the next five years.

SUMMARY OF POTENTIAL RETIREES		
Current Eligibility	19	19
2011-12	13	32
2012-13	14	46
2013-14	16	62
2014-15	18	80
2015-16	15	95

Note: Pension data is maintained on a calendar year to coincide with the filing of personal tax returns. As of December 31, 2010 there were 420 active members in the Public Service Pension Plan employed with the Department of Finance. Temporary employees employed for less than 3 months and part-time employees do not participate in the Public Service Pension Plan. Both of these types of employees participate in the Government Money Purchase Pension Plan.

The headquarters for the Department of Finance is the Confederation Building, with staff dispersed throughout the East and West Blocks. Additionally the Department has staff located in Mount Pearl, on Topsail Road, in Corner Brook and in Grand Falls-Windsor. Contact information for all office locations is available on-line at www.gov.nl.ca/fin/.

REPORT ON PERFORMANCE

On March 31, 2011 Government's 2008-11 strategic planning cycle ended. Additionally, this date marked the end of a mission cycle, which spans two iterations of strategic planning. The performance information provided below therefore includes a report on the Department's five-year mission (April 1, 2006 to March 31, 2011), its three-year goals (April 1, 2008 to March 31, 2011) and its annual objectives (April 1, 2010 to March 31, 2011).

MISSION

In 2003 this Government introduced an eight-year plan for the social and economic development of Newfoundland and Labrador. Its vision was of a province that is strong politically, financially, economically, culturally and environmentally healthy; well-educated; secure; and supportive of strong families, individuals and communities. Government's first step to achieving this vision was to address the fiscal challenges facing Newfoundland and Labrador. Efforts were focused on such things as: fairness in federal transfers; efficient tax administration; government's revenue collection processes; unfunded pension liabilities; post retirement liabilities; social and economic tax policies and incentives; fiscal discipline and control; debt servicing costs; and interest costs.

Using this strategic direction as the foundation for its strategic planning process, the Department focused its mission statement on its role in the efficient management of the Province's finances. Within the context of the Department's mandate to oversee the management and control of the provincial finances and provide strategic leadership on the financial and economic implications of Government policy decisions, the Department identified the means through which it would support Government in realizing its vision for a strong, sustainable and self-reliant Province. Focus was placed on the continued development of long-term forecasts reflective of provincial demographics and economic conditions. The Department also focused on the implementation and monitoring of new tax policies, new and/or improved financial processes and financial controls, and Government's new corporate shared services model for financial management functions. The information presented below provides additional detail regarding the Department's achievements and how these achievements supported Government in effectively managing the Province's finances.

Mission: By March 31, 2011, the Department of Finance, in its commitment to strong fiscal management, will have supported Government in the effective management of the Province's finances.

Measure: *Supported Government in the effective management of the Province's finances.*

Indicators:

- Advice and recommendations:

  - Long-term forecast developed
    Each year, as part of Government's annual budget process, the Department of Finance develops and maintains a long-term forecast for the Province. This forecast is then used by Government to evaluate the sustainability of programs and services in the immediate, medium and long terms. The forecast includes multi-year projections for provincial and federal revenues, cash requirements, economic and demographic indicators, and expenses. A three-year forecast is made available to the public every year through the annual budgetary documents which include the Budget Speech, the Budget Highlights, the Estimates, *The Economy* and news releases. Updates to the forecast are completed on a regular basis throughout the year and are also made available to the public through the publication of the Mid-Year Update and *The Economic Review*. All of these documents are accessible by the public on-line at www.gov.nl.ca/fin.

  - New tools developed
    The Department is mandated with the responsibility to account and control the receipt and disposition of public money. Integral to this responsibility is the implementation of effective financial management controls, systems and accounting procedures throughout all government departments to ensure that they are properly accounting for their revenues and expenses. This is accomplished by working with other government departments to support the financial integration of their program systems that have significant financial receipting or payment requirements with Government's financial management system. Over the past five years, the Department of Finance has worked on a number of such projects, which include:

    - The financial processing and integration component of a case management application to be used by the Department of Advanced Education and Skills and the Department of Child, Youth and Family Services

    - A self-service travel and expense system for government employees and Members of the House of Assembly

- A process for tracking and reporting upon loan agreements maintained by the Department of Innovation, Business and Rural Development

- The planning for major upgrades to Government's financial management system (including iExpenses) to take advantage of new technologies that will provide improved efficiencies in the management of Government's financial information

- The development of a centralized web-receipting application for use by government departments on their websites as a means of collecting revenue from their clients

Additionally, the Department is Government's primary source of economic, demographic and a wide range of other data and analysis. The incorporation of such information into Government's decision-making process is crucial to the efficient management of the Province's finances and Government programs in general. As such, the Department worked on a number of projects to ensure that Government had access to the economic and demographic information it required. Some of these projects include:

- In coordination with the Poverty Reduction Strategy, the Department of Finance developed the Newfoundland and Labrador Market Basket Measure of Low Income (NLMBM), which is a modified version of the National Market Basket Measure, a method and tool used for measuring those in low income situations within Canada. The NLMBM identifies a range of goods and services that are considered to be essential, then estimates the amount of disposable income required to meet these basic needs, taking into consideration such things as community size, location, household size and composition. This information is then used to estimate the extent of low income across the Province and within specific communities. It is also used to measure the progress of the Poverty Reduction Strategy. NLMBM information and indicators are currently available on-line at http://nl.communityaccounts.ca/.

- The Department of Finance also worked to develop indicators to measure the risk of not being able to afford housing or shelter. This included a review of the current data available to determine the feasibility of its use, then determination of the most appropriate indicators to assess the risk, and then

finally the actual development of the indicators. The Department is currently evaluating the appropriate use and applicability of the preliminary indicators.

- The Department completed a major update of its population projection model and revised its 15-year population projections. The revised projections included details on age and gender and are available for various administrative geographies (e.g., school districts, regional health authorities). These projections are now used by government departments and agencies in their planning processes and can also be accessed by business and the general public on-line at www.gov.nl.ca/fin. The Department has also done many presentations and consultations to ensure that the information is available across all of government.

- The Department of Finance provides provincial, federal and municipal government users and citizens with methods for organizing, analyzing and visualizing large collections of spatially related information through the use of Geographical Information Sciences (GIS) technologies. These innovative tools provide the ability to dynamically link large numbers of complex interrelated data that have social and economic relevance to stakeholders. Through the use of participatory learning techniques, the Department is able to work with stakeholders to custom develop data products to aid them in understanding the geographic patterns and interrelationships among the various physical, social and economic factors as they relate to their area of interest. Examples of this type of work completed by the Department include:

    - Development of a data set that allowed for the sharing of municipal infrastructure data to be used to support business development capacity in Newfoundland and Labrador. This project involved representatives from the Department of Innovation, Business and Rural Development, the Capital Coast Economic Development Association, the City of Mount Pearl and the City of Conception Bay South.

    - In partnership with the Office of the Chief Electoral Officer (OCEO), the Department was able to digitize polling divisions to assist the OCEO with the administration of the voter registry.

- New consultant guidelines developed

  The guidelines for hiring external consultants exist to provide guidance for departmental consistency and fairness when acquiring external consulting services. Additionally, these guidelines delegate the authority for procuring consulting services to departments to aid in promoting operational efficiencies. The Department of Finance has traditionally provided advisory services with respect to the guidelines and it is within this capacity that it drafted new revised guidelines. Given the procurement responsibilities of the Government Purchasing Agency, the draft revised guidelines are currently on hold as Government considers the appropriateness of the Department of Finance continuing in this role.

- Business intelligence tool developed

  The Department of Finance, provided advice and recommendations to the Office of the Chief Information Officer on the development of a business intelligence tool for integration with Government's financial management system. The addition of this tool will provide Government the opportunity to improve upon its financial reporting capabilities. It will provide the means by which to integrate data from multiple sources into a high-level presentation of information to be used by Government Executive to complete various types of trend analyses which can then be used to assist in operational assessments.

- Implementation and monitoring processes in place

  - New tax policies implemented

    A fair tax system increases the confidence of Newfoundlanders and Labradorians in Government's ability to efficiently manage the provincial finances. Furthermore, a tax and regulatory environment that is nationally and internationally competitive enhances the Province's ability to develop a strong and vibrant economy. Competitive tax regimes and regulatory frameworks attract and retain personal and business investment which enhances economic development and creates stable revenues to support critical government services such as health and education.

    Each year during the annual budget process, the Department of Finance reviews and analyzes the Province's tax system to ensure that it remains competitive to the extent fiscally prudent. A detailed review of the tax systems in other jurisdictions is completed and compared to this Province's tax regime. The purpose of this process is to identify options for Government to maintain its commitment to a competitive

provincial tax system. Some of the new tax policies that were implemented over the past five years include:

- Enhanced Dividend Tax Credit Rate
  Effective January 1, 2006, a new dividend tax credit rate for large corporations was introduced. The dividend tax credit rate was increased from 5.0% to 6.65%. The rate was subsequently increased to 9.75% effective January 1, 2009 and 11.0% effective July 1, 2010. This new dividend tax credit rate was implemented in response to the changes made by the Federal Government to taxes on dividend income received from large corporations.

- Pension Income Splitting
  Effective for the 2007 tax year, pensioners in Newfoundland and Labrador were able to split eligible pension income for provincial income tax purposes. By transferring pension income from the higher income earner to the lower income earner, less of the total income would be taxed in the higher tax bracket achieving a tax saving for the household.

- Indexation of Personal Income Tax System
  The Personal Income Tax system was indexed to the provincial Consumer Price Index (CPI) effective July 1, 2007. In order to protect taxpayers from inflation, indexation will be applied to tax brackets, most non-refundable credits and certain benefits such as the low income tax reduction.

- Low Income Seniors' Benefit
  The Low Income Seniors' Benefit is one of several ways this Government is helping to improve the life of seniors in this Province. The benefit is a refundable tax credit paid to both married and single seniors with low incomes, even if they have no tax payable. It is available to those who are at least 65 years of age and have a family net income of less than $33,884. Since 2006 Government has continued to make a series of enhancements to this program to support an improved quality of life for seniors. For example, in Budget 2010 the maximum annual benefit amount was raised to $900, representing a 12.8% increase from the previous year and a $524 increase from 2006. In addition to increasing the benefit, Government also indexed the benefit to account for inflation and raised the qualifying income thresholds, thereby expanding the program so that more seniors are eligible. In 2010 it is estimated that the benefit reached approximately 42,500 seniors across the

Province, representing a total investment of approximately $28.6 million, compared to $7.5 million in 2003.

- Resort Property Investment Tax Credit
  Effective June 14, 2007, a new 45.0% resort property investment tax credit was implemented. This credit is designed to encourage individuals and corporations based in the Province to invest in select tourist resort properties. The tax credit is geared towards encouraging new resort developments with high-end amenities and services in areas of the Province outside the northeast Avalon Peninsula.

- Elimination of Retail Sales Tax on Insurance Premiums
  Effective January 1, 2008, government eliminated the 15.0% retail sales tax on insurance premiums.

- Parental Benefits
  The Progressive Family Growth Benefit provides $1,000 for every child born or adopted and the Parental Support Benefit provides $100 per month to parents for the first 12 months for each child born or adopted, with both benefits retroactive to include all children born or adopted as of January 1, 2008.

- Gasoline Tax Exemption for Onshore Oil Exploration
  Effective April 1, 2009, government provided a tax exemption on gasoline consumed by off-road equipment used for onshore oil exploration.

For additional information on all tax policies implemented since 2006 please refer to the budgetary documents available on-line at www.fin.gov.nl.ca/fin/budget/budget.html.

- Improved/new financial process implemented
  The *Financial Administration Act* assigns responsibilities for the effective financial administration and control of expenditures to Deputy Ministers. The *Executive Council Act* further provides Deputy Ministers with the ability to delegate that financial authority to officials responsible for administering programs within their respective government departments. Over the past several years the Department of Finance has been working to refine the delegation of financial authority policy and

develop and deliver appropriate training to delegated staff. During 2010, a revised Delegation of Financial Authority Policy and Procedure Manual was implemented as was a self-service employee training module that was made available on Government's intranet. The revised policy provides further direction on the fundamental principles to be considered when delegating financial authority; defines the roles and responsibilities of key positions within Government; and outlines the administrative procedures for delegating financial authority. Additionally, all government departments were required to complete and submit to the Department of Finance new delegation forms.

The Department of Finance also provided advice in the initial development of a Management Certification Process for the House of Assembly. This process requires senior officers of the House of Assembly to certify by signature that they have discharged certain responsibilities such as establishing, evaluating and monitoring the effectiveness of internal control over financial reporting. It is a significant component of strong corporate governance and seen as a means to restoring public confidence in the overall financial management of the House of Assembly. The development of this process is based on a recommendation presented in the Report of the Review Commission on Constituency Allowances and Related Matters.

- Improved debt servicing ratios

  One of the primary fiscal indicators used by financial markets and bond rating agencies to measure the ability of government to support debt is the percentage of net debt to gross domestic product (GDP). Using this as the measure for improved debt servicing ratios, net debt as a percentage of GDP declined from 47.9% at March 31, 2007 to 27.7% at March 31, 2011. Another key measure of the provincial debt burden is net debt as a percentage of personal income. This measure has declined from 82.8% at March 31, 2007 to 48.1% at March 31, 2011. Fiscal performance can also be measured as the percentage of revenue which is consumed to service the debt. At March 31, 2007, debt expenses consumed over 14% of revenues. This ratio has since declined to 10% as of March 31, 2011. Using these three measures, the Province has been able to improve its debt servicing ratios over the past 5 years.

  (Note: Net debt represents the consolidated net debt number as reported in Volume I of the Public Accounts.)

- Budget reporting and monitoring through new budget system

  Over the past several years the Department of Finance has been working to enhance

the tools and business processes used to prepare Government's annual budget. This focus is seen as a means of supporting Government's commitment to strengthen its financial management functions.

In July 2010, in consultation with the Office of the Chief Information Officer, the Department of Finance began working to identify and develop a new tool and associated business processes to assist in budget preparation and monitoring, budget forecasting, preparation of the Estimates, preparation of the Salary Details and budget reporting with the intent to streamline operations thereby achieving improved efficiencies. As of March 31, 2011, the Department had successfully implemented new tools to support monthly departmental budget reporting and the preparation and publication of budgetary documents. The implementation of a tool to support the production of budgetary forecasts was originally scheduled to be completed by March 31, 2011. However, during the development phase, monthly budget forecasting was identified as another means to strengthen the budgetary process. The scope of the project was therefore adjusted to accommodate this additional capacity thereby delaying completion of full implementation by one month. Additionally, supportive documentation and training materials for appropriate staff across Government was developed and training commenced in May 2011.

- New/improved financial controls implemented

  The Department of Finance is responsible for the corporate management of all financial documentation supporting the issuance of payments by Government. This information is required for a variety of reasons which include audits, investigations, and information requests under the *Access to Information and Protection of Privacy Act*. Consequentially it is crucial that these records be securely stored and easily accessible by the appropriate personnel and that all legislative requirements respecting information management be met. As such, the Department identified the need to develop and implement a quality assurance process for the digitization of these financial records. As of March 31, 2011 this process was completed and is currently being used to protect the integrity of the information.

  The Department of Finance also develops and revises Financial Management Circulars. These circulars are issued to departments to assist them in the handling of select financial operations. The Circulators are designed to clarify financial principles which are legislated by the *Financial Administration Act* and by policies and procedures approved by Cabinet and/or Treasury Board; and to communicate

appropriate accounting policies and procedures that are necessary to facilitate business processes and protect the integrity of the financial records. Periodically during the last five years these Circulars were revised and new Circulars were developed as required.

The Department of Finance also implemented a process with the financial administrative divisions of government departments to manage the security of Government's financial management system. Periodically the Departmental Comptrollers are required to verify a list of people who have been identified as having access to the financial management system and the type of security levels they require.

- Corporate shared services implemented
  Several years ago Government committed to implementing a corporate shared services model for several of its administrative functions including human resource management, information technology and information management, and financial administration. The philosophy of this approach being that efficiencies can be achieved through the standardization of policies and procedures, consolidation of services and redesigning of business practices and associated technologies.

  The Department of Finance was tasked with the development and implementation of the business processes and related organizational structures for the administration of accounts payable, purchasing, accounts receivable and payroll processing functions across Government within a corporate shared services environment. Over the past several years, the new corporate shared services financial model has been implemented as follows:

  - During 2009-10 a new division of the Department was created to assume responsibility for the administration of compensation and benefits for government employees. Operating with a staff complement of approximately 45 employees, the division immediately began reviewing all payroll policies, procedures and forms for the purpose of standardizing payroll processes across government. Additionally, a client service centre was established to ensure timely and efficient responses to employee inquiries.

  - The Tax Administration Division of the Department of Finance assumed responsibility for the centralized collection of those outstanding accounts receivables meeting specified criteria.

- During 2010-11 another new division of the Department was created to oversee and administer the business processes for the transactional processing of accounts payables. Additionally, a service centre function was established to ensure timely and efficient response to public and departmental inquiries.
- The roles, responsibilities and reporting structures of the financial administration sections of other government departments were adjusted and strategically focused to accommodate the new business processes for the administration of accounts receivables and payables.

- The Government Purchasing Agency assumed responsibility for centralized procurement processing.

STRATEGIC ISSUES

The 2008-11 Strategic Plan for the Department of Finance (available on-line at www.fin.gov.nl.ca/fin) identified three priority issues: Fiscal Planning; Financial Management; and Demographic Change. The information provided below reports on the Department's progress towards the achievement of its goals and the 2010-11 annual objectives. This will be accomplished by comparing actual performance achieved to the expectations outlined in the 2008-11 Strategic Plan.

FISCAL PLANNING

A key strategic direction of this Government is fiscal stability for the Province which requires a prudent fiscal approach to the management of provincial finances. Such an outcome can only be achieved by using an evidence-based fiscal planning process that is informed by comprehensive policy advice, timely and accurate information, and precise economic and fiscal analysis along the three cornerstones of an effective fiscal framework – revenues, expenditures and debt management.

In the development of its 2008-11 Strategic Plan, the Department therefore established the following goal, measures and indicators as a means of supporting Government in its commitment to prudent fiscal planning

Goal: By March 31, 2011, the Department of Finance will have provided comprehensive analysis and advice to Government on the long-term financial outlook of the Province.

Measure: **Provision of comprehensive advice and analysis**

Indicators:

- A long-term outlook that supports decision making relating to:
  - Taxation
  - Expenditures
  - Debt reduction
- Advice and analysis related to the impact on federal transfers (equalization) as required

During the 2008-11 planning cycle, the Department of Finance supported Government by ensuring that Government's long-term fiscal projections were reflective of such things as the rise and fall of the price of oil; the value of the Canadian dollar; production levels; and, the impacts of current and new resource projects. Much effort was also expended to ensure that Government was advised of potential debt reduction approaches. Fluctuations in Government's revenues, expenditures, and, debt and associated debt-service costs were also closely monitored and incorporated appropriately into the Province's long-term fiscal forecast. Focus was also placed on analyzing the potential impacts of changes to the federal transfer payments (e.g., Equalization, Canada Health Transfer, and Canada Social Transfer) on the Province's fiscal well-being. To facilitate this type of analysis, the Department upgraded is equalization simulation model. Additionally, advice provided on the Province's tax regime was done so in light of the potential impacts on the long-term fiscal forecast. Specific details on the Province's long-term financial outlook can be found on-line (www.fin.gov.nl.ca/fin/budget/budget.html) in the various budgetary documents.

Ensuring Government's long-term financial outlook for the Province is accurate and update-to-date is crucial to Government's decision-making process. It will therefore always be a strategic focus for the Department and a piece of work that will occur every year. The specific work completed by the Department to maintain a provincial long-term forecast during the 2010-11 fiscal year is provided below.

Objective: By March 31, 2011, the Department of Finance will have updated the long-term forecast of the province to reflect additional economic and financial outlooks.

Measure: Updated long-term forecast reflective of economic and financial outlooks

Indicators:

- Maintained an up-to-date multi-year revenue forecast

  The Department of Finance updated the Province's multi-year revenue forecast on a regular basis throughout the year to reflect changes in anticipated revenue sources. To facilitate this process, the Department continued to upgrade Government's revenue forecasting model (an extensive complex mathematical computer-generated model) as a means of enhancing its ability to monitor the impacts of such things as federal revenue streams, federal transfer payments, economic performance, and other influential factors such as natural resource revenue streams.

  An updated revenue forecast was developed and publicly released on November 30, 2010 in the Mid-Year Update and again on April 19, 2011 in support of the 2011 Budget process. The details of these updates can be obtained from the Department's website at www.gov.nl.ca/fin.

- Maintained an up-to-date multi-year expense forecast

  The Department of Finance collaborated with other government departments to monitor government expenditures and update the expense forecast. Monthly expenditure reports from government departments were reviewed and analyzed. Revised expenditure forecasts were then provided to each department in June and July. The five-year expenditure forecast model was updated and a framework for the development of a 25-year expenditure forecast model was developed. Progress towards Government's infrastructure strategy was also monitored through the review, analysis and consolidation of departmental reports received on a weekly basis and quarterly meetings with lead departments.

  A revised expense forecast for Government was publicly released on November 30, 2010 in the Mid-Year Update and again on April 19, 2011 in support of the 2011 Budget process. The details of these updates can be obtained from the Department's website at www.gov.nl.ca/fin.

- Led the preparation of Government's annual budget
  The Department of Finance is responsible for leading the preparation of Government's annual budgetary documents. To facilitate this process, the Department developed and distributed budget guidelines to all departments during September 2010. Departments were also consulted on their budgetary priorities which were then used to support Government in its budgetary planning process. Budgetary documents were then prepared and released on Budget Day, which was April 19, 2011.

- Maintained an up-to-date economic forecast
  The Department provided multiple updates on the provincial economic forecast throughout the 2010-11 fiscal year. Departments were consulted respecting industry outlooks and assumptions, which was then used to support the development of the Mid-Year Update, *The Economic Review* and *The Economy*. All three documents are currently available on-line at www.fin.gov.nl.ca/fin/publications/.

- Developed options for maintaining the Province's tax competitiveness within a prudent fiscal context
  In support of the 2011 budgetary process a detailed review of other provincial tax systems was completed to identify options for maintaining the Province's tax competitiveness. Analytical efforts were then focused on assessing the feasibility of these options within the context of Government's prudent fiscal management approach. Suggestions were then brought forward for consideration during the budget process and action was initiated upon announcement of Government's budgetary commitments on April 19, 2011. Further details of tax-related commitments can be obtained on-line at www.budget.gov.nl.ca/budget2011/.

FINANCIAL MANAGEMENT

The general public expects an open and accountable government. One that protects their interests and properly manages the public purse. In this Province the *Financial Administration Act* (FAA) confers various financial responsibilities and authorities pertaining to the stewardship of public money to the Department of Finance. As such, the Department ensures that public money is properly disbursed, collected, and invested; and that the appropriate checks and balances are in place for accurate receipting, expenditure and recording of public funds.

In the development of its 2008-11 Strategic Plan, the Department therefore established the following goal, measures and indicators as a means of supporting Government in its commitment to efficient management of financial administration.

Goal: By March 31, 2011, the Department of Finance will have strengthened the financial management functions for government departments.

Measure: Strengthened financial management functions

Indicators:

- Reviewed existing financial functions
- Implementation of priority action items

During the 2008-11 strategic planning cycle the Department of Finance reviewed the existing tools and business processes used to manage the financial functions across Government. Opportunities to strengthen Government's capabilities in this area were identified and action was taken to move forward on priority items. Perhaps one of the most significant and noteworthy accomplishments was the development and implementation of a new corporate shared services model for the administration of financial functions across Government, details of which have already been provided on page 18 of this report. Additionally, a new system was implemented to aid in the development of key financial accountability documents (e.g., Public Accounts and the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund). This system provided for the full integration of the business processes required to produce these documents, the sharing of crucial information with budget monitoring officials and facilitated the analysis of financial trends and variances which enhanced Government's financial planning and forecasting capacity. The Department's internal audit capacity was also strengthened through the development and implementation of new auditing procedures and methodologies. The Department also became an accredited training office for Chartered Accountants. This accreditation provides the Department another avenue to attract and retain qualified individuals. The Department also worked with others to ensure the proper integration of the financial component of the systems they use to manage their programs. All program systems with significant financial receipting or payment requirements must be integrated with Government's financial management system. For example, the Department of Finance partnered with the Office of the Chief Information Officer and the Strategic Human Resources Management Units across Government to develop a comprehensive, integrated human resources management solution to assist in the management of such things as annual leave. The Department also developed a long-term strategic plan for the maintenance and future development of Government's financial

management system. In partnership with the Office of the Chief Information Officer, this plan identified and prioritized projects which require either integration with the financial management system or the development of new modules to the financial management system to support the business objectives of the various program areas across Government. Additionally, the financial management system itself required continuous upgrades to accommodate advancements in technology and new/revised accounting standards.

Ensuring that the management of Government's financial functions is strong and sound is a continuous and complex process that involves numerous stakeholders and potentially large financial commitments given the evolving nature of the technology used to manage these functions. It is therefore sometimes difficult for the Department to establish finite pieces of work that can be accomplished within a specified time period. For this reason the wording of goal and accompanying objectives were designed to allow the Department to report on the progress it achieved towards the strengthening of Government's financial management functions.

Objective: By March 31, 2011, the Department of Finance will have strengthened the financial management functions throughout Government.

Measure: Strengthened financial management functions

Indicators:

- Implemented the accounts payable processing function of Government's Corporate Shared Services (Financial) Model to further strengthen financial management functions across all government departments

  During the 2010-11 fiscal year all components of the new financial model were implemented for transactional processing of accounts payable and receivable transactions, central compliance, accounts receivable management, and central procurement. Within the Department of Finance, the implementation of the accounts payable component of the model meant the establishment of a new division, which required the classification of new positions and placement of staff and a new office location on Topsail Road. Additionally financial management systems were modified to accommodate new business processes; policies and procedures documents were created and distributed; and various communication activities took place to advise stakeholders of the change in process.

- Implemented a service centre to efficiently manage client inquiries related to government employee compensation and benefits issues

  In March 2011, the Department launched a service centre to efficiently manage employee inquiries related to compensation and benefits. This call management telephonic system utilizes a document tracking system to monitor the timeliness of responding to various payroll and leave inquiries in accordance with the established performance standards documented in the centre's operational manual.

- Improved upon the systems and processes used to support the preparation of the Province's Public Accounts and Government's Annual Budget

  During 2010-11 the Department of Finance completed the last remaining activities required to implement new systems and revised business processes to support the preparation of the Public Account's, the Annual Budget and associated reports, and the fiscal forecast. The result is improved efficiency with which these processes are completed by enhancing information sharing and streamlining operations. The 2011-12 budgetary documents and key financial accountability documents (such as the Public Accounts) will be prepared using these new systems and processes.

- Initiated technical upgrades to Government's Financial Management System and improved upon its corporate reporting capabilities

  During the 2010-11 fiscal year the Department of Finance worked to identify new functionalities applicable to the financial management system and assess the feasibility for implementing these functionalities. Planning for how this technical upgrade would proceed was completed and work began to determine the human capacity required to complete this project.

  The Department also initiated a process to improve upon the reporting capabilities of Government's financial management system. Stakeholders throughout government were consulted to determine their reporting needs and the suitability of the current financial management system to meet these reporting needs was assessed. Based on this assessment, areas were identified for improvement and work began to determine the human capacity required to complete this project.

- Supported the financial integration component of computer systems designed to administer various types of programs across Government

  As previously reported in this document, the Department of Finance works with other government departments to support the integration of the financial component of their

systems with Government's financial management system. These projects tend to require substantive commitments of human resources and finances and typically involve the assistance of external consultants who provide a high level of technical expertise. Consequently work on any particular project can span multiple years. During the 2010-11 fiscal year work continued on a case management application with the Department of Advanced Education and Skills; a human capital management system; a business intelligence solution with the Office of the Chief Information Officer; and a system for tracking municipal capital projects with the Department of Municipal Affairs.

DEMOGRAPHIC CHANGE

Government has recognized the dramatic shifts in demographic characteristics as a critical strategic priority because of its implications on the types of, and the mechanisms used to deliver, programs and services provided to the residents of this Province. Consequently, there has been an increasing demand within Government for more timely demographic information, driven in part by the changing provincial demographics and tighter labour markets. These requests have included community-based demographic projections over long-term horizons for customized age groups. As the Province's central source of demographic data and analysis, the Department of Finance must therefore ensure it has the capacity required to provide information that is accurate and reflective of the broadly based demographic changes within the Province.

In the development of its 2008-11 Strategic Plan, the Department therefore established the following goal, measures and indicators as a means of supporting Government in its commitment to ensuring that its decision-making processes are based on sound, accurate and timely demographic information.

Goal: By March 31, 2011, the Department of Finance will have provided comprehensive demographic data/information to inform Government, and others who need it, regarding major policy and program decisions.

Measure: Provision of comprehensive demographic data and information

Indicators:

Demographic data and information about:

- General impacts of demographics on Government, society and the economy
- Labour market supply, demand and change
- Various regions of the province

To support this strategic direction, the Department of Finance has been focusing its efforts on determining the specific information needs of government that have recently evolved due to the broad dramatic shift in demographics and developing and implementing, where necessary, the required methodologies to fulfill these needs. Specifically, during the 2008-11 time frame, the Department completed a series of consultations with other government departments and reviewed its current economic and statistical services. Feedback was solicited from stakeholders

to help identify data needs and possible information gaps. The most predominant need identified was for information to assist in various types of strategic planning processes (e.g., detailed population-based projections to assist in the long-term planning of health related expenditures). Parallel to the consultation process was a review of current demographic data and information sources. The Department then began to explore and develop alternative, and/or expand the capabilities of current, data-gathering methodologies as a means of improving upon its provision of comprehensive demographic data and information. The following is a summary of some of the Department's accomplishments:

- The Department is responsible for maintaining and updating provincial population projections. The model used to generate this information was updated and revised population projections were made available to Government and the public. These projections are designed to project the population by age and sex for Newfoundland and Labrador and various sub-provincial regions, including economic zones. The system uses information and assumptions about fertility, mortality and migration to produce three different population projections for the Province. Current (and customized) population projections to 2025 for various regions of the Province are available on-line at www.economics.gov.nl.ca/pop-assumptions.asp.

- The Department of Finance provides methods for organizing, analyzing and visualizing large collections of spatially related information through the use of Geographic Information Science (GIS). Through the development of customized data analysis and products, the geographic patterns and interrelationships among the various physical, social and economic factors can be identified and understood. One particular area of interest that has emerged over the past several years is related to service and infrastructure allocation in the face of demographic change. The location of key public services now requires more than ever a complex analysis of a number of socio and economic variables. In response to this need, the Department developed new analytical tools to assist Government with service and infrastructure decisions impacted by demographic change.

- A declining population has contributed to a declining labour force. This population decline varies by region due to differences in rural and urban demographic trends and is expected to continue creating substantial implications for labour supply in the Province. The Department of Finance collaborated with the Public Service Secretariat to develop an online tool to assist post-secondary students to identify career options by providing information on potential job vacancies within the public sector. This new tool supports Government's commitment to strengthen its labour market information to reflect

provincial long-term economic prospects and assists the public, private and academic sectors with their human resource planning.

- A number of upgrades (e.g., Community Safety, Seniors Profiles) were also made to the System of Community Accounts, which provides a wide variety of sub-provincial social, economic and demographic data and indicators that contribute to well-being.

In its commitment to providing comprehensive demographic data to support major policy decision processes, during the 2010-11 fiscal year the Department's primary focus was the development of alternative methodologies for obtaining data for a broader scope of demographic indicators. The specific accomplishments are detailed below.

Objective: By March 31, 2011, the Department of Finance will have implemented appropriate priority actions related to enhancing demographic data and information.

Measure: Implemented priority actions to enhance demographic data and information

Indicators:

- Improved capacity to collect demographic data
  During the 2010-11 fiscal year the Department worked to continue to build its own surveying capacity that meets the rigorous quality standards of Statistics Canada. A provincial household contact list was developed to support the collection of accurate demographic data using survey sampling techniques. The availability of this contact list greatly improves the capacity to obtain the representative samples required to collect reliable statistics for decision-making purposes.

- Progressed towards the development of new data sources
  The Department has been working to expand the information sources used to collect demographic data. During 2010-11 the Department made significant progress in the analysis of various data sets currently developed to administer a range of government programs. For example, the Motor Registration Division currently maintains information required for the administration of driver licensing. These data sets were reviewed to determine the feasibility of using the information to expand upon the Department's ability to report on sub-provincial population changes and to potentially develop new demographic indicators.

- Maintained up-to-date population projections
  The Department updated its population projections in April 2010 and again in January 2011 to reflect the most recent data released by Statistics Canada at the time of publication. The next population projections update is scheduled for mid-2012.

- Progressed towards the development of data on current births and deaths at a sub-provincial level to improve upon the accuracy rate of population estimates
  Data presently used for population estimates is derived from census data generated by Statistics Canada. Statistics Canada data is several years old and is primarily applicable to only major urban centres within the Province. Therefore the Department recognized a need to develop its own provincial data on births and deaths at the sub-provincial levels. This project was completed and uploaded to the System of Community Accounts in November, 2010. The Department is presently working to put in place an information sharing agreement with Vital Statistics so that in the future the provision of birth and death information at the sub-provincial level can be made available each fiscal quarter.

SHARED COMMITMENTS

Successful and efficient delivery of the mandate of the Department of Finance requires that it develop effective working relationships with other government departments and agencies to achieve strategic and operational priorities. As such, much of the performance achieved during the 2010-11 fiscal year (and already reported on in previous sections of this document) was made possible because of the Department's partnerships with other government departments and agencies and a shared commitment to achieving common results. Additional accomplishments made possible by these collaborative relationships are detailed below.

Budget 2010:

A crucial part of the budget preparation process is consultation with community groups, municipalities, business and professional associations, special interest groups and individual citizens within the Province. This provides Government the opportunity to further its understanding of the priorities of the people of the Province.

During the development of Budget 2010 the Department of Finance facilitated this consultation process by organizing a series of town hall meetings in various locations across the Province. Invitations were extended to all residents in each location and each meeting was lead by the Minister of Finance and President of Treasury Board, the Honourable Tom Marshall. Additionally, the Department of Finance served as the main point of contact for those wishing to provide Government with a written submission outlining their perspectives for consideration in the budget preparation process.

OnLine Payments:

Government collects money from the public for a variety of reasons. Some Departments have developed the necessary systems to provide the public the option of making these payments online. To support those departments who have not yet developed the technology to offer online payment, the Department of Finance collaborated to develop a centralized web-based receipting application. Because of the availability of this tool, the Department of Education is now able to provide an online payment option for students repaying default loans. The Department of Government Services is also able to provide an online option for the payment of driver licensing road tests. The availability of this tool not only promotes client service quality to the public, but it also strengthens Government's ability to efficiently manage the public purse by providing an environment where all payments received online are processed by one single payment mechanism and instantly integrated with Government's financial management system.

Business and Innovation Investments:

Innovation is a means to advancing business growth and competitiveness and to creating job opportunities in communities and regions throughout the Province. Therefore, during the development of Budget 2010 the Department of Finance partnered with others to build a framework that would support entrepreneurs in traditional and knowledge-based industries to increase their ability to be leaders in innovation. For example, the provincial government has a comprehensive set of business development programs and services available for small and medium-sized businesses. Budget 2010 included an investment of approximately $71 million to businesses in tax credits and incentives. These included such things as the Small Business Tax Credit; Manufacturing and Processing Profits Tax Credit; Scientific Research and Experimental Development Tax Credit; Film and Video Tax Credit; Economic Diversification and Growth Enterprise Program; Direct Equity Tax Credit; and the Resort Property Investment Tax Credit. Additional information can be found on-line at www.releases.gov.nl.ca/releases/.

HIGHLIGHTS AND ACCOMPLISHMENTS

In addition to the results reported on in the Report on Performance section of this document, the following provides information on other key accomplishments of the Department of Finance.

New Energy Rebate Program:

With Budget 2011, the Government of Newfoundland and Labrador continued its commitment to maintaining a favourable tax regime that supports a strong fiscal position for the Province. A new energy rebate was introduced for residential electricity and heating fuel for the benefit of all residents who are facing rising energy costs. Effective October 1, 2011 (which is typically the beginning of the heating season), an 8% rebate will be provided towards the purchase of home energy, which is equivalent to the provincial portion of the federal Harmonized Sales Tax (HST). It is estimated that this rebate will result in a $38 million cost savings for all residents of the Province. This new rebate is an addition to the existing Home Heating Rebate program that is targeted towards low income individuals and families.

Province Gets an A+ Credit Rating:

During 2010-11, Standard & Poor's Credit Rating Services updated the Province's credit rating from an A to and A+, which is the highest rating ever given to Newfoundland and Labrador. This credit rating is a key factor influencing the Province's ability to borrow and attract investment in bonds. This upgrade reflects positively on the Government's effective management of fiscal resources and the Province's sound economic condition.

LOOKING FORWARD - THE YEAR AHEAD

For the Department of Finance to continue as a strong and successful organization, it must consider those factors that will impact its ability to effectively fulfill its mandated responsibilities and the achievement of its strategic priorities. The information provided below identifies what the Department considers to be the opportunities and challenges it must address for the year ahead.

Opportunities:

The recent economic recession has motivated both the public and private sectors to implement tighter and more efficient financial controls as a means of sustaining fiscal stability. For the Department of Finance, this has proven to be an opportunity to enhance Government's prudent management of the public purse by developing and implementing new policies and procedures for the administration of financial functions. As discussed previously in the Report on Performance section of this report, the Department of Finance has already made significant strides in this area. During 2011-12 the Department will continue to improve upon Government's efficient management of provincial finances with a focus on implementing new and/or improving upon current financial controls, enhancing corporate financial reporting tools and managing the fiscal framework and policies to sustain long term fiscal stability. This typically includes management of expenditure, debt and unfunded pensions and post-retirement liabilities.

Challenges:

The ability of the Department of Finance to provide strategic leadership across the public service on the financial and economic implications of its policy decisions and to oversee the management and control of provincial finances to ensure appropriate use of public funds is contingent upon having a skilled and knowledgeable workforce. Increased globalization, the pending retirement of the baby boom generation and a population level that has seen only minor increases has created a very small group of qualified candidates. Consequently, competition amongst employers has intensified. The Department will therefore continue during the 2011-12 fiscal year to focus on targeted recruitment and retention activities to attract highly skilled personnel and to retain our existing qualified and knowledgeable workforce.

The Department of Finance will continue to be challenged to ensure the prudent management of its expenditures and the development of a fiscally responsible budget for the coming fiscal year. During 2011-12 the Department will address this challenge by improving the integration of its revenue and expenditure forecasting processes and providing financial policy advice that incorporates the influences of world-wide resource prices and anticipated provincial demographic and economic changes.

There is a growing requirement for more detailed and timely demographic and labour market information and analysis at a sub-provincial level. The Department of Finance is challenged to address this need because even though current national statistical agencies provide a wide range of quality information, it is usually out-dated and at a level which does not support specific information needs at a sub-provincial (i.e., regional) level. Additionally there is a new awareness and prioritization of evidence-based decision making and an increasing pressure for policies and proposals to be reviewed from a quantitative economic perspective. As such the Department will work to develop demographic and economic indicators at the regional level thereby improving upon the depth, quality and accuracy of the information Government uses in its decision-making processes.

FINANCIAL INFORMATION

Expenditure and revenue figures included in this document are based on public information provided in the **Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended 31 March 2011** (Unaudited)

		Estimates	
	Actual	**Amended**	**Original**
EXECUTIVE AND SUPPORT SERVICES			
1.1.01 Minister's Office	301,416	387,500	387,500
General Administration			
1.2.01 Executive Support	1,412,356	1,451,600	1,440,800
1.2.02 Treasury Board Support	354,206	390,000	392,500
1.2.03 Administrative Support	409,306	413,200	316,900
Total: General Administration	2,175,868	2,254,800	2,150,200
General Government			
1.3.01 Government Personnel Costs	61,715,424	64,844,700	64,844,700
TOTAL: EXECUTIVE AND SUPPORT SERVICES	**64,192,708**	**67,487,000**	**67,382,400**
FINANCIAL ADMINISTRATION			
Financial Planning and Benefits Administration			
2.1.01 Pensions Administration	23,057	-	-
2.1.02 Budgeting	1,075,665	1,177,600	1,181,700
2.1.03 Insurance	479,066	487,200	412,300
2.1.04 Financial Assistance	(12,995,637)	2,000,000	2,000,000
2.1.05 Financial Assistance	-	500,000	500,000
Total: Financial Planning and Benefits Administration	(11,417,849)	4,164,800	4,094,000
Taxation and Fiscal Policy			
2.2.01 Tax Policy	1,039,671	1,074,200	1,074,300
2.2.02 Fiscal Policy	413,718	469,300	475,600
2.2.03 Project Analysis	534,355	565,600	569,600
2.2.04 Tax Administration	3,649,681	4,330,100	4,330,100
2.2.05 Debt Management	436,586	513,200	571,600
Total: Taxation and Fiscal Policy	6,200,852	7,152,400	7,221,200
Economics and Statistics Branch			
2.3.01 Economics	892,527	716,600	639,500
2.3.02 Statistics	1,824,535	1,217,900	1,401,600
Total: Economics and Statistics	2,717,062	1,934,500	2,041,100
Office of the Comptroller General			
2.4.01 Office of the Comptroller General	5,274,237	5,973,900	5,360,500
2.4.02 Corporate Services	4,640,296	4,827,500	3,348,400
Total: Office of the Comptroller General	9,914,533	10,801,400	8,708,900
TOTAL: FINANCIAL ADMINISTRATION	**7,414,598**	**24,053,100**	**22,065,200**
TOTAL: DEPARTMENT	**71,607,306**	**91,540,100**	**89,447,600**

Note: The audited financial statements will be made available to the public when the **Volume I – Consolidated Summary Financial Statements** and the **Volume II – Consolidated Revenue Fund Financial Statements are tabled in the House of Assembly**.

APPENDIX A

Public Service Pension Plan Joint Trusteeship Transition Committee
Annual Report 2010-11

The *Agreement on Pensions*, which forms part of the current Public Service Collective Agreement, mandated the establishment of a Joint Trusteeship Transition Committee (the Committee). The mandate of this Committee is to recommend to the relevant parties, a joint pension trust structure to govern the activities of the Public Service Pension Plan (PSPP). Under this arrangement, an independent board of trustees would be responsible for the administration of the PSPP, including the setting of benefits and investment of the Fund.

The Committee includes representatives of the five unions participating in the PSPP, Government and employers such as Newfoundland and Labrador Hydro and the Newfoundland and Labrador Health Board Association.

Originally, this process was targeted for completion in Spring 2003. A revised target was set for April 2008, based on the current collective agreements. During the initial discussions, the union representatives of the Committee indicated that until the issue of the unfunded pension liability was fully resolved, they were not prepared to move forward on the mandate of this Committee. As a result, the Committee has not met since 2003. If the Committee does become active again, the planning and reporting requirements of the *Transparency and Accountability Act* will be fulfilled in a timely manner.

The Department of Finance Annual Report
For Fiscal Year Ending March 31, 2011

Newfoundland
Labrador